

VZCZCXRO8229
OO RUEHDBU
DE RUEHFR #4580/01 1841524
ZNY CCCCC ZZH
O 031524Z JUL 06
FM AMEMBASSY PARIS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9209
INFO RUEHTA/AMEMBASSY ALMATY PRIORITY 0194
RUEHAH/AMEMBASSY ASHGABAT PRIORITY 0137
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1262
RUEHEK/AMEMBASSY BISHKEK PRIORITY 0318
RUEHLM/AMEMBASSY COLOMBO PRIORITY 0247
RUEHKA/AMEMBASSY DHAKA PRIORITY 0093
RUEHDBU/AMEMBASSY DUSHANBE PRIORITY 0015
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 0623
RUEHBUL/AMEMBASSY KABUL PRIORITY 0369
RUEHMO/AMEMBASSY MOSCOW PRIORITY 5411
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0953
RUEHNT/AMEMBASSY TASHKENT PRIORITY 0170
RUEHVEN/USMISSION USOSCE PRIORITY 3057
RUEHBS/USEU BRUSSELS PRIORITY 1682
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 004580

SIPDIS

SIPDIS

E.O. 12958: DECL: 07/02/2016

TAGS: [PREL](#) [IEA](#) [OSCE](#) [PGOV](#) [ENRG](#) [ELAB](#) [ETTC](#) [TRGY](#) [ZK](#) [IN](#)

PK, CH, RS, CE, FR

SUBJECT: FRENCH STILL CONSIDERING OSCE BID, BOUCHER TOLD

Classified By: Political Minister-Counselor Josiah Rosenblatt, reasons
1.4 (b) and (d).

11. (C) SUMMARY. Concerned officials say they will tell Kazakh Foreign Minister Tokayev that Kazakhstan will have to meet higher standards if it wants to Chair the OSCE in 2009. But, they admit, the personal relationship between the two Presidents may carry the day. During other meetings in Paris, Boucher asked for support for U.S. priorities in Afghanistan and Pakistan, as reflected by the Secretary's visit. International energy officials said that Turkmenistan has plenty of gas but not much governance. In any case, export pipelines to China made more sense than the trans-Afghan pipeline. END SUMMARY

12. (U) A/S Boucher met with Jean-Francois Terral, A/S-equivalent for Continental Europe, and Aurelia Bouchez, DAS-equivalent for Russia and the former Soviet space, to discuss Central Asia. Terral said the important country in Central Asia, from France's point of view, is Kazakhstan, because of its energy resources and because its democratization efforts are "less bad than the others." The other "big guy," said Terral, is Uzbekistan. France follows the EU line on Uzbekistan, but believes it would be unwise to "corner" Uzbekistan, especially because of the threat of radical Islamic groups on Uzbek territory. Boucher replied that President Karimov is dealing with the radical Islamic threat in the worst possible way. Terral agreed and said he saw little potential for any positive evolution in Uzbek behavior.

13. (C) A/S Boucher raised Kazakhstan's bid for the OSCE Chairmanship in 2009, and noted he had heard France was considered by the Kazakhs to be supportive. He reviewed the U.S. position that Kazakhstan was a long way from meeting OSCE standards, and it appeared unlikely that it would do so by 2009. Terral said France was not opposed to a Kazakh chairmanship "in principle," but clearly they had to comply with OSCE standards. No final GOF decision had been made, but he believed that France would not support Kazakhstan's bid. He added, however, that certain French Senators (Senate President Poncelet and Senator Montesquiou, the latter for "private reasons") recently gave the Kazakhs the wrong

impression regarding GOF support. Terral noted that President Chirac had a close relationship with President Nazarbayev, but nonetheless Terral "could not imagine" that France would support Kazakhstan's 2009 bid. France, said Terral, was "very happy" with the U.S. position.

14. (U) Terral said Russia's role was key to Central Asia, and it was very important to engage Moscow in a strategic dialogue. Europe, said Terral, was not in a "competitive" mood regarding Central Asia. Boucher replied that the U.S. was not "playing the game" either, but it was important for the development of the Central Asian countries that they have greater economic and political options than they have had in the past. Terral said Russia clearly had a common interest with the West in combating trafficking and Islamic extremism in Central Asia. Bouchez added that the EU is "almost invisible" in Central Asia, and needs to expand its engagement. Boucher said that a visible Europe in Central Asia is good, and added it would be useful to discuss how the U.S., the EU and other countries such as Japan could orient their programs in the region. Programs dealing with good governance, democracy and civil society would be especially useful, said Boucher.

15. (U) French MFA Director for Asia, Herve Ladsous, said that meeting with A/S Boucher in Washington the week before and hearing his remarks earlier in the day (A/S Boucher gave an afternoon speech as part of the conference) reinforced his belief that France and the U.S. share the same objectives in the region. A/S Boucher offered Ladsous a synopsis of Secretary Rice's visit to Afghanistan and Pakistan saying

SIPDIS

that she praised Pakistan for what it has done while prodding it to do more. Ladsous said that the GoF would take the same

PARIS 00004580 002 OF 003

approach with Pakistani FM Kasuri when he visits the following Tuesday (July 4) adding that he would also discuss the matter of conventional nonproliferation.

16. (U) Ladsous pointed out that on July 20 China and Pakistan would celebrate 55 years of official ties between the two countries. However, he said, he was not convinced that China would push too hard on behalf of Pakistan with regards to the civilian nuclear issue.

17. (U) Ladsous said France, with its 200,000 strong Tamil population, was looking into terrorist financing. He said that the GoF knows that racketeering is taking place, but it is a challenge to pinpoint. Nevertheless, he said, with the UN listing of the Tamil Tigers, France is building up its legal mechanisms to deal with the problem.

18. (U) In a meeting with the International Energy Agency that included IEA Deputy Director Ramsay and an assembled team of regional energy specialists, IEA Manager for South Asia, Dagmar Graczyk, gave a summary of IEA studies and activities focused on India's energy sector while highlighting the challenges in addressing the country's energy inefficiencies. She explained that India's dialogue with the IEA began with a Memorandum of Understanding that was signed in 1998 and that preliminary work focused on indicators and statistics. As the relationship evolved, the focus turned to examining specific sectors, such as coal and electricity. She explained that India's energy sector is complicated, with five different energy-related ministries that, until recently, never communicated. In 2003, she said, the IEA sponsored a conference that allowed the Indian Ministry of Power and Ministry of Coal to meet for the first time. Ramsay added that Indian Prime Minister Manmohan Singh has recently tried to hold regular meetings to allow ministries to interface, and Ramsay suggested that the U.S. needs to encourage the practice to continue.

19. (U) The coal market in India, Graczyk explained, was

strangled by labor unions that refuse to allow the government to open the market. The unions themselves, she said, tended to blame the railroads for inefficiencies while the government, currently reliant on the support of Marxists, was powerless to institute real change. Supplies of coal, meanwhile, were not provided in the quantity, or quality, needed.

¶10. (U) Although the IEA has developed a list of recommendations which their Indian contacts agree with, they have stagnated in the implementation phase. On the issue of transmission losses Graczyk noted that high percentages attributed to transmission losses may not be entirely accurate as they include not just transmission losses but energy theft and uncollected energy bills. She added that there has been some progress in India's regulatory framework and they can contribute to the IEA in the relatively new field of biomass.

¶11. (U) With regard to the issue of gas in Turkmenistan, Caspian expert Christof Van Agt said that there is gas in Turkmenistan, although corporate governance and market diversity is in short supply. Given the difficulties of sending Turkmen gas southward, he said, it was more logical and feasible to send it to China. Russia has been pulling gas in to control markets to the east. Gazprom has been willing to pay a higher price for gas because it can sell it for higher still in the West. Ambassador Ramsay said that he had hoped that the G8 summit would do more with the gas issue. It was noted that Ukraine transports 80 percent of Russian gas and that there are many countries in Europe who are likely to have more disruptions ahead.

¶12. (U) In closing, Ukrainian expert Mereydd Evans forecast difficult days ahead on Eurasian gas, as Ukraine has no apparent contract for gas imports as of 1 July 2006.

PARIS 00004580 003 OF 003

¶13. (U) A/S Boucher has cleared the unclassified portions of this document.

Please visit Paris' Classified Website at:
<http://www.state.sgov.gov/p/eur/paris/index.cfm>

STAPLETON